



ENTERED
01/28/2021

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE SOUTHERN DISTRICT OF TEXAS
BROWNSVILLE DIVISION

IN RE:	§	CASE NUMBER
	§	
GREGORIO TREVINO and	§	20-10288
MARIA CARMEN TREVINO	§	
DEBTOR(S)	§	CHAPTER 11

AGREED ORDER
ON AUTHORITY TO USE CASH COLLATERAL

Came for consideration on this day, the Agreed Order Authorizing Use of Cash Collateral, resolving Debtors' Expedited Motion for Use of Cash Collateral; Request for Temporary Relief; and Request for a Further Hearing on Use of Cash Collateral and Motion for Expedited Hearing ("Motion") [Doc. 19], pursuant to 11 U.S.C. § 363(c)(2), and the Court, having reviewed the Order, the Motion, and the representations set forth therein, it is hereby

FOUND AND DETERMINED THAT:

A. The Debtors filed their petition under Chapter 11 of the Bankruptcy Code on December 23, 2020 ("Petition Date") and are presently operating as a Debtors-in-Possession in accordance with sections 1107 and 1108 of the Bankruptcy Code.

B. This Court has jurisdiction over the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b)(2) and this Court may enter an interim order on the Motion. Venue of this case is proper in this district pursuant to 28 U.S.C. § 1408. Due and sufficient notice of the Motion and hearing was provided pursuant to Federal Rule of Bankruptcy Procedure 2002.

C. The statutory predicates for the relief sought in the Motion are 11 U.S.C. § 363 and Federal Rule of Bankruptcy Procedure 2002.

D. Notice of the Motion was proper, sufficient and adequate, and no further notice of the Motion is required.

E. The Internal Revenue Service (the “IRS”) asserts an indebtedness to it based on taxes secured by interest in certain of the Debtors' accounts receivable, deposit accounts, general intangibles, and cash proceeds thereof ("Cash Collateral"), and real estate among other things, to secure indebtedness to them.

F. The Debtors do not have sufficient unencumbered cash or other assets with which to continue to operate Debtor Gregorio Trevino’s law practice and maintain their reasonable living expenses in Chapter 11 case. The Debtors require immediate authority to use Cash Collateral as defined herein in order to continue its business operations without interruption toward the objective of formulating an effective plan of reorganization. Debtors’ use of Cash Collateral to the extent and on the terms and conditions set forth herein is necessary to avoid immediate and irreparable harm to the estate.

G. The relief requested by the Motion is proper, lawful, necessary, appropriate, and in the best interest of the Debtors, their estate, creditors and all parties-in-interest. Further, the legal and factual bases set forth in the Motion and at the hearing establish just cause for the relief granted herein.

Accordingly, after due deliberation and sufficient cause appearing,

IT IS ORDERED THAT:

1. The Debtors are authorized to use cash collateral pursuant to the projected 90-Day Budget (January 2021, February 2021, and March 2021) (the “Budget”), attached to this Order Authorizing The Use of Cash Collateral and For Temporary Relief and Setting Hearing (the “Order”) as Exhibit “A” and incorporated herein for all purposes, on an interim basis and in the reorganization process of the above-entitled bankruptcy proceeding and for the necessary expenses of preserving the bankruptcy estate.

2. Specifically, Debtors are authorized to use cash collateral to meet the ordinary cash needs of the Debtor (and for such other purposes as may be approved in writing by the Secured Creditors) for the payment of:

- a. reasonable and necessary operating expenses incurred in the ordinary course of business;
- b. Debtors’ reasonable and necessary living expenses;
- c. maintenance and preservation of property of the estate;
- d. property taxes; and
- e. payment of expenses associated with this Chapter 11 case, including United States Trustee's fees.

3. The Budget attached to this Order is approved on an interim basis, except as may be modified by this Order until it expires on **March 31, 2021**, at which time the Debtors’ authority to use Cash Collateral shall terminate, absent further Court order or agreement of the parties.

4. Debtors are authorized a 5% deviation from the Budget without further order of this Court.

5. The Internal Revenue Service is hereby granted a replacement lien on all inventory and accounts receivable acquired by the Debtors since the filing of the petition and is hereby ratified and confirmed in its lien on the Debtors’ inventory, accounts and fixtures perfected by the Internal

Revenue Service prior to the filing of the Debtors' petition in the cause with such lien and replacement lien to continue until further Order of this Court or confirmation of a Plan of Reorganization; provided however, that such replacement liens shall be in the same order and priority as were the IRS's pre-petition liens.

6. Debtors shall make periodic monthly payments to the Internal Revenue Service in the sum of \$500.00 each month to begin on February 15, 2021, and continuing thereafter on the 15th of each month until a Plan is confirmed or further Order of this Court. These monthly payments shall be mailed to the following address:

Internal Revenue Service
Attn: Catherine Nelson
300 East 8th Street, Stop 5026AUS
Austin, Texas 78701

7. Debtors shall remain current of all tax obligations, including but not limited to, deposit of employee withholdings for income, Social Security taxes and hospital insurance (Medicare) and employer's contribution for Social Security taxes and deposit excise tax, if applicable. Debtors shall file all present and future tax returns as they become due.

A **copy** of the returns must be mailed to the following address:

Internal Revenue Service
Attn: Catherine Nelson
300 East 8th Street, Stop 5026AUS
Austin, Texas 78701

8. Debtors shall provide a copy of all missing/delinquent tax returns within thirty (30) days from the entry of this order:

- a. Form 1040 for tax year 2019;
- b. Form 941 for tax quarters ending 03/31/2020, 06/30/2020, 09/30/2020, and 12/31/2020;
- d. Form 940 tax year 2019 and 2020.

The Debtors shall prepare and file these returns/forms at the following address:

Internal Revenue Service
Attn: CATHERINE NELSON
300 East 8th Street, Stop 5026AUS
Austin, Texas 78701

9. Debtors shall file a Plan of Reorganization within 180 days of the bankruptcy petition date.
10. In the event that Debtors default on any of the conditions of this Order, the Internal Revenue Service shall provide written notice of the default to Debtors and Debtors' counsel. If the default is not cured within fifteen (15) days of the date of the written notice of default, the continued use of cash collateral is denied and the Internal Revenue Service may file a Motion with the Court for dismissal or conversion. The Debtors will be allowed three (3) defaults, however, the third (3rd) default cannot be cured.
11. Debtors will make available on-line its Monthly Operating Reports, on their due dates in this case.
12. Debtors shall maintain insurance on all tangible business assets and shall provide written evidence of same to the IRS.
13. A further hearing, before the Honorable U.S. Bankruptcy Judge Eduardo V. Rodriguez, on the use of cash collateral is hereby set for March 31, 2021 at 10:00 a.m. (Central Standard Time) (via "Telephonic and Video Participation is available") at the United States Bankruptcy Courtroom, Texas.

Signed: January 28, 2021



Eduardo V. Rodriguez
United States Bankruptcy Judge

AGREED AND ENTRY REQUESTED:

By: /s/ Nancy L. Masso, AUSA

Nancy L. Masso, Assistant U.S. Attorney

Office of the US Attorney

600 E. Harrison Street

Brownsville, TX 78520

(956) 983-6014 phone

(956) 548-2775 fax

Email: Nancy.Masso@usdoj.gov

ATTORNEY FOR THE INTERNAL REVENUE SERVICE

By: /s/ Christopher Lee Phillippe (with permission by NLM)

The Law office of Christopher Lee Phillippe

104 North Expressway

Brownsville, TX 78521

956-544-6096

Fax: 956-982-1921

Email: clphillippe@cameroncountylawyer.com

ATTORNEY FOR DEBTOR IN POSSESSION

Eduardo V. Rodriguez
United States Bankruptcy Judge

SIGNED: _____